

Message Text

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TO AMEMBASSY STOCKHOLM

C O N F I D E N T I A L STATE 175375

EXDIS

FOLLOWING REPEAT ACTION OSLO INFO BRUSSELS LONDON OF 11 AUG
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QUOTE E.O. 11652: GDS

TAGS: ENRG

SUBJECT: NORWEGIAN POSITION ON IEP

REF: (A) OSLO 3559 (B) LONDON 10133

1. MUCH APPRECIATE YOUR ANALYSIS OF NORWAY'S CURRENT PROBLEMS WITH THE IEP. WE HAVE WONDERED TO WHAT DEGREE THE VARIOUS OBJECTIONS RAISED BY ARNESON AND BOYESON AT BRUSSELS (AUTOMATICITY, SWEDISH CONNECTION, NORWAY'S NET EXPORT POSITION) REPRESENT ISSUES THAT THEY HAVE TO DEAL WITH IN THE BUREAUCRACY AND WITH THE PARLIAMENT AND TO WHAT EXTENT THEY ARE FUNDAMENTAL. WE WOULD BE GRATEFUL FOR YOUR ONGOING ANALYSIS OF JUST HOW SERIOUS THESE CONCERNS ARE.

2. TWO CONCLUSIONS REGARDING NORWAY'S RELATIONSHIP TO THE IEP ARE IMMEDIATELY CLEAR. FIRST, WE MUST KEEP NORWAY IN THE BARGAINING PROCESS: IF IT DROPS OUT NOW, BRITAIN COULD BE DETERRED (REFTEL B) AND JAPAN WOULD
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ALMOST SURELY RECONSIDER. SECOND, TO MEET NORWAY'S

PROBLEM WE CANNOT RESTRUCTURE AN ELEMENT OF THE PROPOSAL WHICH ELEVEN OTHER MEMBERS OF THE GROUP CONSIDER ESSENTIAL.

3. NORWAY OF COURSE CANNOT HAVE THE SAME INTEREST IN

THE IEP AS NET OIL IMPORTERS. HOWEVER WE BELIEVE THAT THERE IS A FUNDAMENTAL ECONOMIC AND POLITICAL INTEREST FOR NORWAY IN JOINING THE PROGRAM. THE ECONOMIC INTEREST IS THAT NORWAY DEPENDS AS FEW OTHER COUNTRIES DO ON THE TRADE AND SHIPPING OF THE INDUSTRIALIZED WORLD. ANY SERIOUS SHOCK TO THE WORLD ECONOMY IS A SHOCK FOR NORWAY. SECOND, FOR ALL THE CURRENT TREND TOWARD NATIONALISM NORWAY RETAINS A BASIC POLITICAL IDENTITY WITH EUROPE AND THE UNITED STATES.

4. WE HAVE TRIED VERY HARD, AS HAS THE GROUP AS A WHOLE, TO FIND A WAY TO SATISFY THE NORWEGIAN CONCERNS ON THE TRIGGER, BUT HAVE SO FAR BEEN UNABLE TO DO SO. THE REASON IS FUNDAMENTAL NO GOVERNMENT WILL WISH TO PLACE ITS CONFIDENCE IN THE IEP UNLESS IT CAN RELY ON THE TRIGGER SYSTEM WORKING EFFECTIVELY IN BOTH SELECTIVE AND GENERAL EMERGENCIES. THAT DOES NOT MEAN THAT EACH COUNTRY CAN EXPECT A FULLY AUTOMATIC SYSTEM. RATHER THE IEP IS NOW SO STRUCTURED THAT THERE IS A REASONABLE ASSURANCE OF GROUP ACTION OTHER THAN EXTRAORDINARY CIRCUMSTANCES VALIDATED BY A SUBSTANTIAL MAJORITY OF THE MEMBERS.

5. THE RESOLUTION OF SOME OF THE HESITANCY ARNESON AND BOYESON EXPRESS MAY BE FOUND IN THE EXAMINATION OF WHAT WOULD ACTUALLY HAPPEN. THE SELECTIVE TRIGGER APPEARS TO BE THE MAIN PROBLEM, FOR IN THE CASE OF A GENERAL EMERGENCY ALL OR MOST COUNTRIES WOULD BE AFFECTED AND THE MAJORITY VOTE TO ACTIVATE WHICH ARNESON ENVISAGES WOULD BE PROBABLE ANYWAY. IN THE SELECTIVE CASE, THE TRIGGERED COUNTRIES TAKE THE SEVEN PERCENT SELF-RISK, AND THEN OTHER COUNTRIES ALLOCATE ON THE BASIS OF CONSUMPTION, E.G. IN THE CASE OF A FULL OAPEC EMBARGO OF THE UNITED STATES AND HOLLAND, THE TOTAL SHORTFALL TO BE SHARED BY THE NON-CONFIDENTIAL

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EMBARGOED COUNTRIES WOULD BE APPROXIMATELY 2.4 MILLION BARRELS PER DAY, OF WHICH NORWAY'S SHARE WOULD BE ONLY 29 THOUSAND BARRELS PER DAY. THE AMOUNT IS SO SMALL RELATIVE TO VARIATIONS IN TANKER DELIVERIES (COMPARED TO SIZE OF A TANKER) THAT NO SPECIFIC ACTION MIGHT BE REQUIRED OF NORWAY.

6. REGARDING NEW MEMBERS, WE HAVE BELIEVED THAT THEIR

ADMISSION TO THE GROUP IS ESSENTIALLY THE SAME AS UNDERTAKING A NEW OBLIGATION, AND THEREFORE, AS A FORMAL MATTER, SHOULD BE VOTED ON THE BASIS OF UNANIMITY. WE WONDER WHETHER NORWAY MAY NOT HAVE A POLITICAL INTEREST IN A UNANIMOUS REQUIREMENT ALSO (ARE THERE NOT SOME

MEMBERS OF THE OECD THEY WOULD RATHER NOT HAVE IN?) IF NOT, TWO SOLUTIONS WOULD SEEM TO BE AVAILABLE: FIRST, PROVISION CAN BE MADE FOR INCLUDING A CERTAIN NUMBER OF COUNTRIES OTHER THAN THE TWELVE AS CHARTER MEMBERS AT THE POINT OF TRANSITION TO THE OECD. SECOND, THE UNANIMOUS RULE ITSELF COULD BE REVIEWED. WE WOULD BE GLAD TO DISCUSS THIS FURTHER.

7. WE DO NOT SEE HOW INTRODUCTION OF AN ESCAPE CLAUSE COULD BE MADE COMPATIBLE TO THE BASIC PURPOSE OF ACHIEVING A RELIABLE MECHANISM.

8. REQUEST THAT YOU MOUNT A MAJOR EFFORT TO TALK THROUGH THE IEP AT ALL RELEVANT LEVELS OF THE NORWEGIAN GOVERNMENT. IN DOING SO, YOU MAY WISH TO NOTE THAT NORWAY IS NOT UNIQUE IN THE GROUP. THERE ARE OTHER PROSPECTIVE NET OIL EXPORTERS (CANADA, SOON THE UK, AND EVENTUALLY POSSIBLY EVEN THE UNITED STATES). THERE ARE OTHER PARTICIPANTS WHO WILL REQUIRE PARLIAMENTARY SUPPORT (MOST WILL SEEK LEGISLATIVE SUPPORT FOR SPECIFIC ASPECTS OF THE PROGRAM, LIKE THE U. S., AND THE NETHERLANDS MAY REQUIRE PARLIAMENTARY APPROVAL FOR THE OIL AGREEMENT). IT MIGHT ALSO BE USEFUL TO NOTE THAT THE SWISS HAVE RECENTLY INDICATED A STRONG INTEREST IN JOINING THE ECG, AND HAVE TOLD US THEY WILL SHORTLY BE CONTACTING ALL ECG MEMBERS IN THIS SENSE.

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9. PLEASE GIVE US FURTHER SUGGESTIONS YOU HAVE FOR HELPING THE NORWEGIANS REACH A POSITIVE DECISION.

10. FOR LONDON. REQUEST THAT YOU REVIEW THE NORWEGIAN PROBLEM WITH APPROPRIATE POLITICAL LEVELS IN THE FCO AND ENERGY MINISTRY (WILLIAMS), GIVING THE ABOVE POSITION AND ASKING FOR SUCH USEFUL INTERVENTION AS THEY CAN MAKE IN OSLO.

11. FOR BRUSSELS. PLEASE PASS SUMMARY OF NORWEGIAN DIFFICULTIES (REFTEL A) AND OUR RESPONSE TO DAVIGNON AT HIS VACATION HOUSE. ASK FOR JUDGMENT WHETHER HIS OWN PERSONAL INTERVENTION WITH THE NORWEGIAN GOVERNMENT WOULD NOT NOW BE DESIRABLE, POSSIBLY BY GOING TO OSLO IN EARLY SEPTEMBER. KISSINGER UNQUOTE KISSINGER

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